

Occupational Licensing Agencies Should Not be Centralized, but Stronger Oversight is Needed

A presentation to the

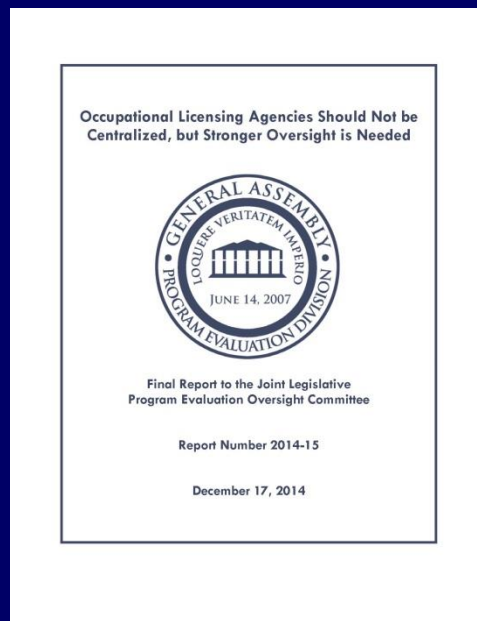
**Joint Legislative Administrative Procedure Oversight Committee,
Ad hoc Subcommittee on Occupational Licensing Board Oversight**

January 21, 2016

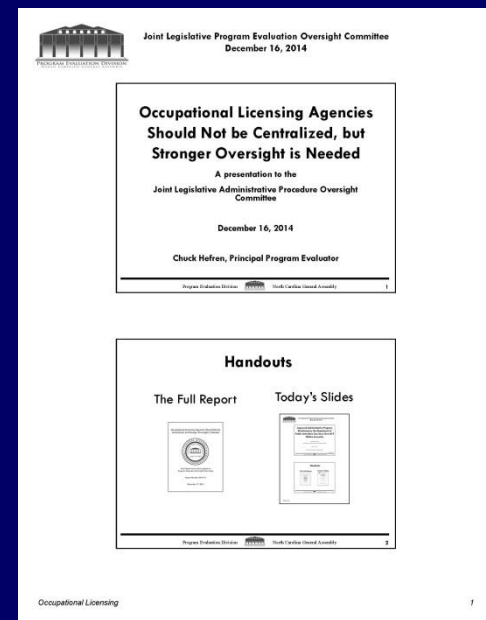
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Handouts

The Full Report



Today's Slides



Study Direction

- **Directed by General Assembly in Session Law 2013-413, Section 10.(a)**
- **Evaluate the structure, organization, and operation of independent occupational licensing agencies (OLAs) as defined by G.S. 93B-1**

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Independent Occupational Licensing Agencies (OLAs)

- **PED identified 55 OLAs that meet statutory definition**
- **Fully independent state agencies**
 - **do not receive any state general revenue**
 - **are not subject to legislative requirements concerning the expenditure of funds**

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Objectives of Occupational Regulation

- **Ensure that the public is protected from harm**
- **Provide assurances that the regulated individual is competent**
- **Provide a means to enforce occupational standards**

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Occupational Regulation Can Be Achieved in Several Ways

<div>Most restrictive</div> <div>Least restrictive</div>	Form of Occupational Regulation	Risk to Public Welfare	Characteristics
	Licensure	High	Prohibits anyone from obtaining livelihood in the occupation without permission from a government agency
	Certification	Moderate	Individuals not certified may practice but cannot use protected title
	Registration	Low	Requires individuals to list their names with a designated government agency

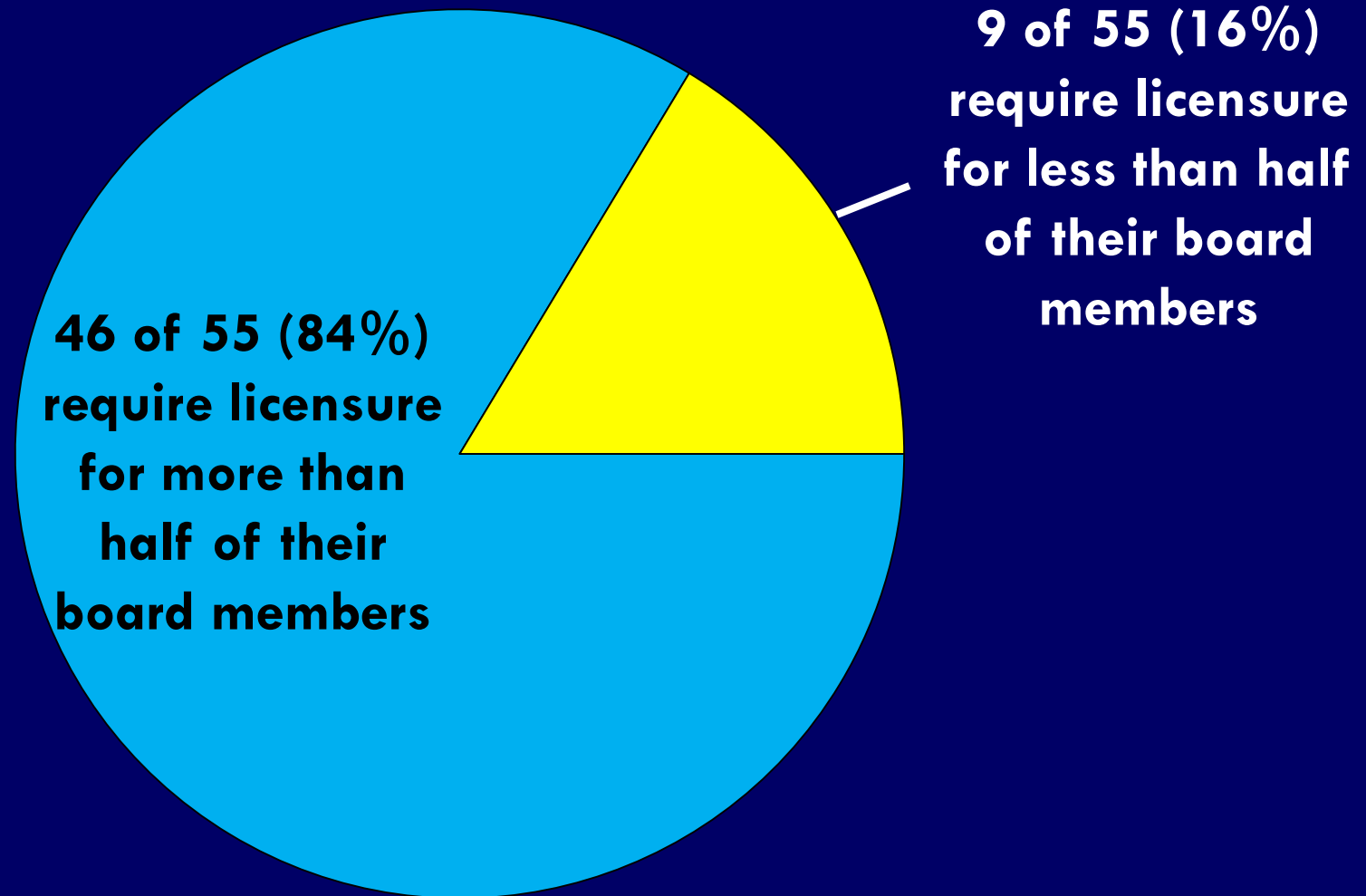
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Functions of License Regulation

- Licensure – Establishes minimum requirements for prospective licensees and for continued licensure
- Enforcement – Enforces laws, rules, and professional standards as specified in the associated practice act
- Administrative – Provides essential support services to ensure regulatory functions are cost-effectively achieved

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Most OLAs Require Licensure for Majority of Board Members



Findings

Finding 1

Transferring the regulatory authority and administrative responsibilities from OLAs to a single state agency may not result in improved performance and would likely entail high implementation costs to realize potential gains in efficiency

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Finding 2

Statutory reporting requirements do not provide adequate oversight of OLA performance

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Inadequate Oversight Reporting and Monitoring

- **Statute lacks a clear definition and list of entities subject to reporting requirement**
- **Statutorily mandated reporting requirements are insufficient to evaluate effectiveness**
- **No statutory requirement to conduct external reviews of performance data or regulatory processes**

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Finding 3

There is inadequate oversight to ensure that OLA enforcement processes are effective

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Inadequate Oversight Enforcement Function

No Statutory Requirement to:

- identify necessary complaint submission requirements
- notify complainant of outcome
- maintain and record complaint process information

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Finding 4

Establishment of an Occupational Licensing Commission can help OLAs realize the advantages of centralized administration without sacrificing the benefits associated with independent OLAs

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Benefits of an Occupational Licensing Commission

Area of Concern	Occupational Licensing Commission Benefit
Operating efficiency	Facilitate sharing of services among OLAs
Information management	Collect and disseminate OLA performance information
Complaint processing	Assist the public and OLAs in determining jurisdictional authority for submitted complaints
Scope of practice disputes	Provide mediation services between OLAs regarding scope of practice disputes

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Finding 5

Twelve OLAs did not provide sufficient information to justify continued licensing authority

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OLA Elimination Assessment Results

- **Sufficient information existed to conclude that regulatory authority for 43 OLAs should be continued**
- **Continued licensure authority for 12 OLAs should be subject to additional legislative review**

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Finding 6

Consolidation of ten OLAs can help ensure that necessary resources are available to effectively regulate licensed occupations

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OLA Consolidation Assessment Results

- **Ten OLAs should be consolidated**
- **Merge with an entity that performs regulation in the same industry**

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Recommendations

Recommendation 1

Establish an Occupational Licensing Commission

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Establish Occupational Licensing Commission

- **Responsible for providing assistance to the General Assembly and OLAs in improving effectiveness**
- **Administratively housed in Department of Commerce**
- **Staffed with state employees and funded from OLA receipts**

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Recommendation 2

Establish a list of licensing entities subject to statutory reporting requirements

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Recommendation 3

Establish OLA complaint processing requirements

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Recommendation 4

Require periodic audits of key regulatory activities and associated performance measurement data

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Recommendation 5

Conduct a review to justify continued licensing authority for 12 OLAs

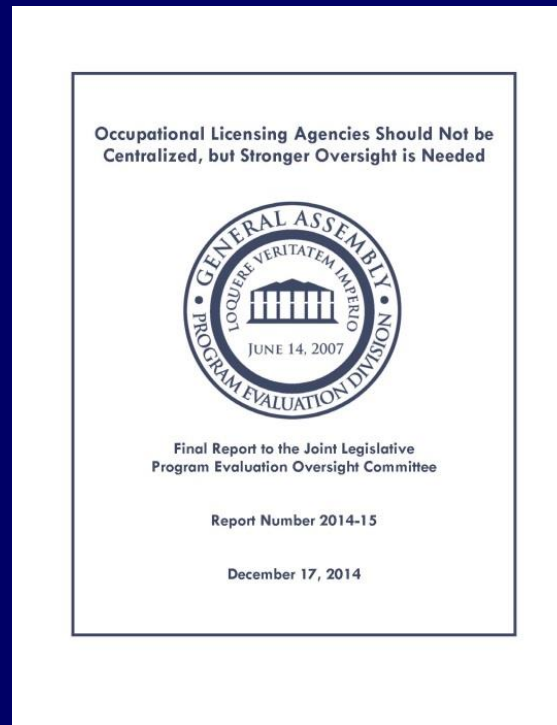
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Recommendation 6

Consolidate the operations of ten OLAs with another licensing entity

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**Report available online at
www.ncleg.net/PED/Reports/reports.html**



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